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Mercantile Stores Company, Inc.

Annual Report

Twelve Months Ended

January 31st

1956

Stores Owned by

MERCANTILE STORES COMPANY, INC.

Principal Stores

J. Bacon & Sons	Louisville, Ky.
The Castner-Knott Dry Goods Co.	Nashville, Tenn.
Duluth Glass Block Store Company	Duluth, Minn.
C. J. Gayfer & Company, Incorporated	Mobile, Ala.
Hennessy Company	Butte, Mont.
The Jones Store Co.	Kansas City, Mo.
The Jones Store Co. (Troost Ave.)	Kansas City, Mo.
The Joslin Dry Goods Company	Denver, Colo.
The Lazarus Store, Inc.	Wilkes-Barre, Pa.
The O. J. de Lendrecie Co.	Fargo, N. Dak.
The Lion Dry Goods Company	Toledo, Ohio
The MacDougall & Southwick Company	Seattle, Wash.
The McAlpin Company	Cincinnati, Ohio
Montgomery Fair Co.	Montgomery, Ala.
The People's Store Company	Tacoma, Wash.
Root Dry Goods Company	Terre Haute, Ind.
Thomas C. Watkins, Limited	Hamilton, Ont., Can.
J. B. White & Co.	Augusta, Ga.
J. B. White & Co.	Columbia, S. C.

Other Stores

36 Junior Department Stores

8 Appliance Stores

●

Represented in the markets by

MERCANTILE STORES COMPANY, INC. (N. Y.)

(A wholly owned subsidiary company)

128 W. 31st Street, New York, N. Y.

MERCANTILE STORES COMPANY, INC.

BOARD OF DIRECTORS

JOHN E. BIERWIRTH
LINDSAY BRADFORD
F. K. BRADLEY
MORGAN A. CASEY
ABBOTT D. CHURBUCK
ASHTON HAWKINS
HAROLD W. JOCKERS
F. G. KINGSLEY
GERRISH H. MILLIKEN, JR.
MINOT K. MILLIKEN
ROGER MILLIKEN

OFFICERS

F. G. KINGSLEY, *Chairman of the Board*
HAROLD W. JOCKERS, *President*
F. K. BRADLEY, *Vice-President*
ABBOTT D. CHURBUCK, *Vice-President*
FREDERICK H. MESERVE, *Vice-President*
MORGAN A. CASEY, *Treasurer*
ASHTON HAWKINS, *Secretary*
R. S. KIZER, *Controller*

Stock Transfer Agent
THE NEW YORK TRUST COMPANY
100 Broadway
New York

Registrar of Stock
CITY BANK FARMERS TRUST COMPANY
22 William Street
New York

MERCANTILE STORES COMPANY, INC.

AND SUBSIDIARIES

100 West 10th Street,
Wilmington, Delaware,
April 12, 1956

To the Stockholders of
Mercantile Stores Company, Inc.:

This is the thirty-seventh annual report of your Company, covering the fiscal year ended January 31, 1956. The financial statements for the year and the related report from the Company's independent auditors are included in this report.

The net profit for the year of $3,916,717 was somewhat higher than the preceding year's profit of $3,550,553. Earnings per share of common stock were $2.70, compared with $2.45 for the previous year. Sales for the year aggregated $138,785,704 which was an increase of 6.5% over the year before.

PROFIT

Profit before taxes amounted to $8,036,717, an increase of $1,066,164 over the preceding year. The net profit of $3,916,717 was $366,164 greater than the year before. The per-share earnings were 25 cents higher than the preceding year.

In most years, an increase in pre-tax profit of $1,066,164 would increase the per-share earnings by about 36 cents. In the year just closed, we did increase the pre-tax profit by $1,066,164, but the per-share earnings increased 25 cents (instead of 36 cents). The explanation of the difference lies in the fact that the provision for taxes for the year ended January 31, 1955 was less than usual because of a tax savings in connection with the handling of installment accounts, which was available to the Company in the year January 31, 1955, but not matched by special tax savings in the year January 31, 1956.

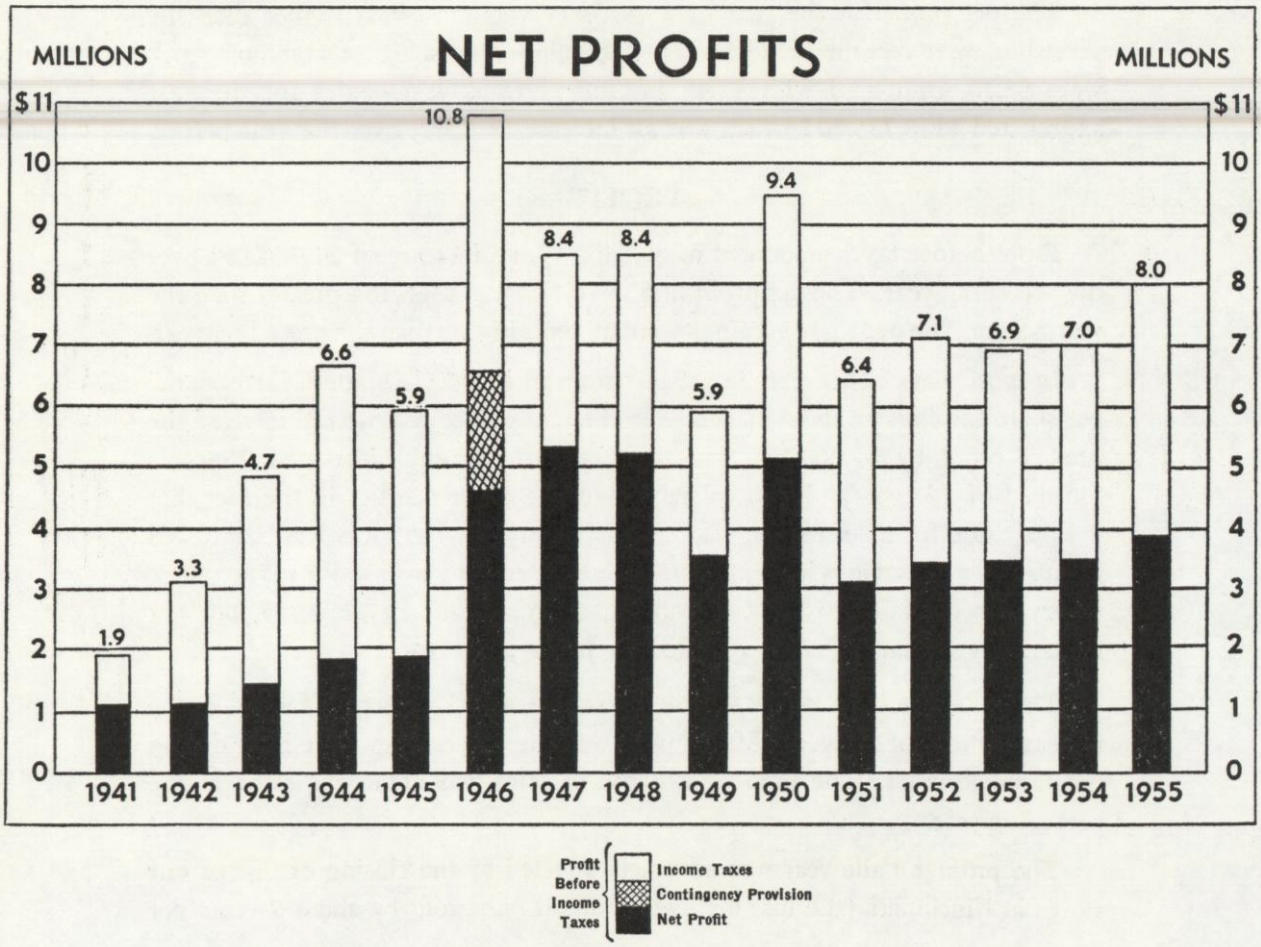
The sales increase of $8,419,683 was the most important factor in the increased profit of the year. Markdowns were the lowest they have been during the last five years. The ratio of expense to sales was about the same as the preceding year.

The profit for the year was adversely affected by the closing of one of our stores in Cincinnati (the loss involved reduced our profit by about 7 cents per

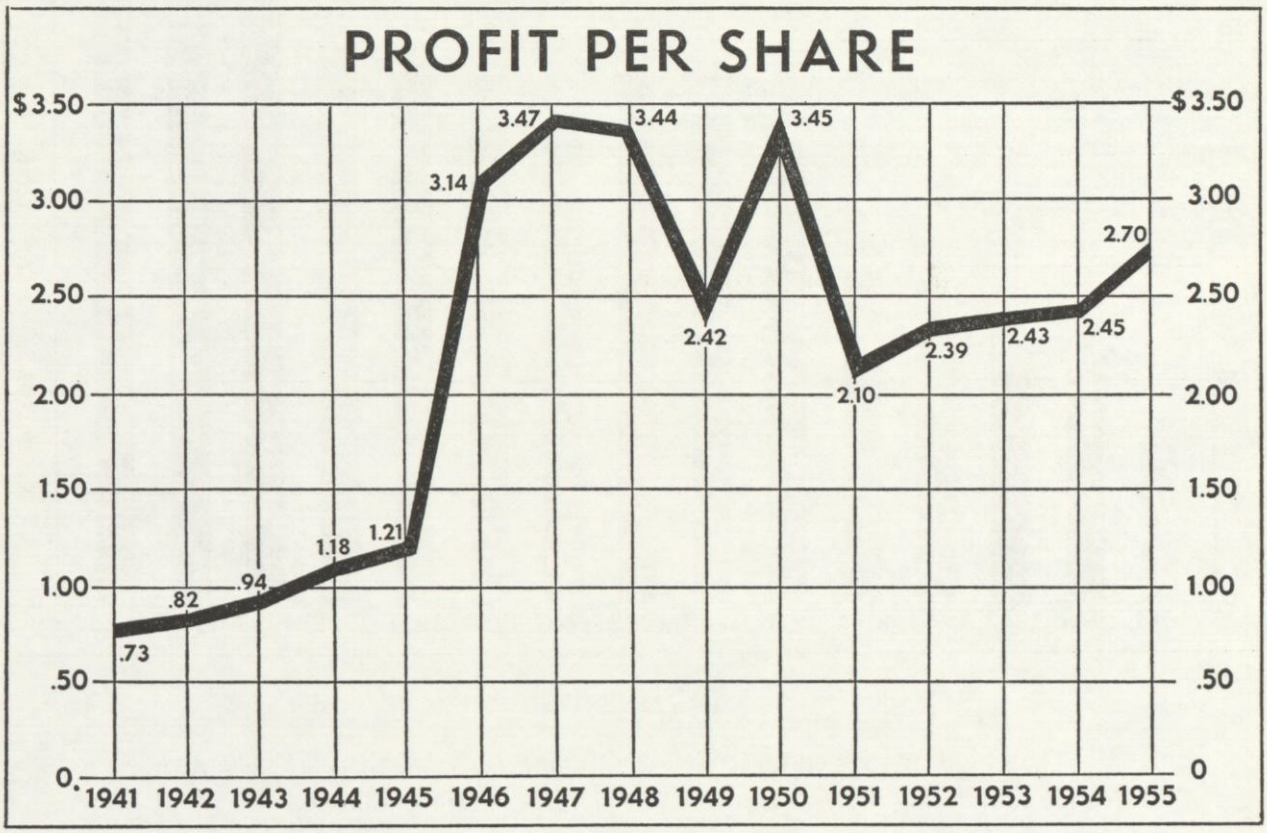
share) and by so-called accelerated depreciation (the excess depreciation reduced profits by about 6 cents per share). Further comments about closing the store in Cincinnati are given on page eight.

Regarding accelerated depreciation, the 1954 Income Tax law permitted taxpayers to increase depreciation under what is known as accelerated depreciation. The Company has stepped up its depreciation to the fullest extent possible under this change in the law. A year ago, the extra depreciation above normal or "straight line" depreciation amounted to approximately $70,000, equivalent to about 2 cents in per-share earnings. For the year just closed, the excess depreciation above normal amounted to approximately $187,000, or about 6 cents per share, as stated above.

The profit before income taxes and the final net profit for each of the last fifteen years is shown in the chart below. The blacked in portion of each block indicates the net profit.



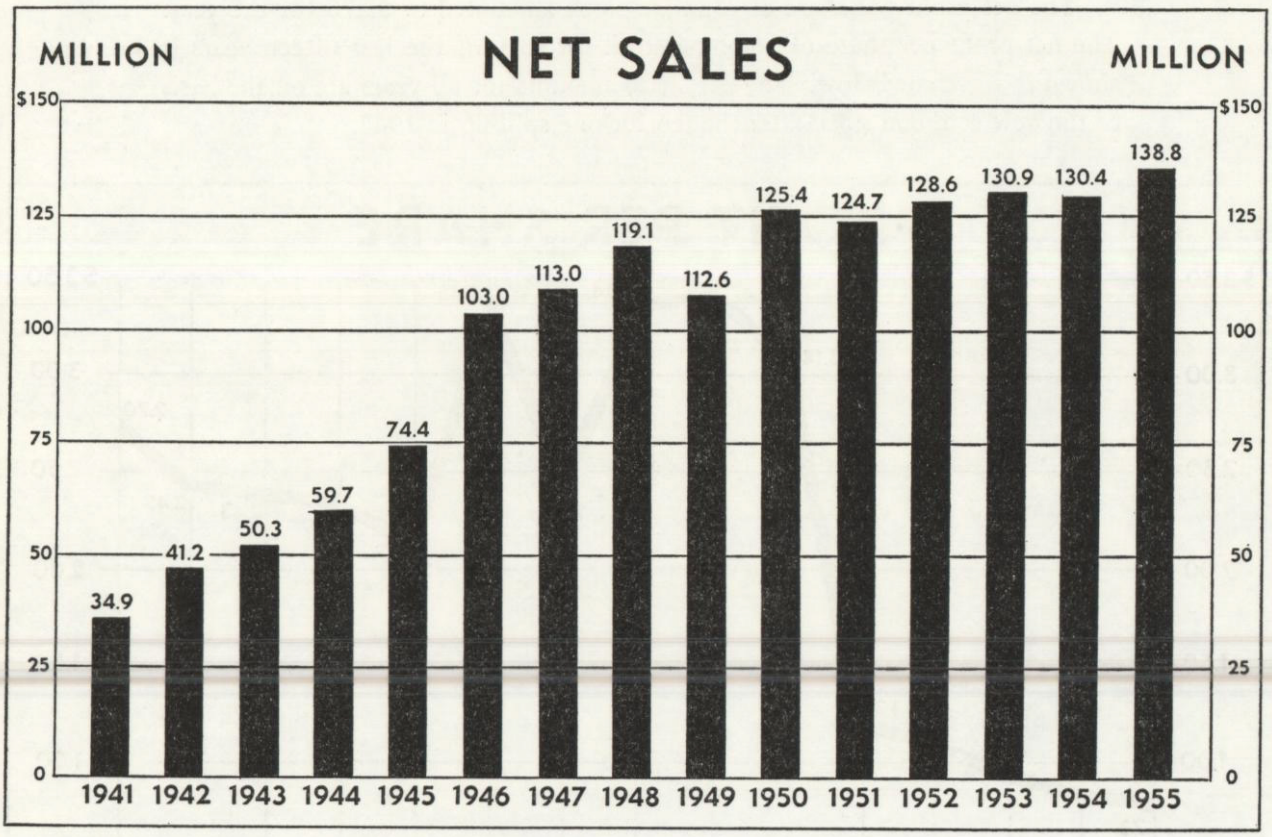
The net profit per share of common stock amounted to $2.70 for the year. The net profit per share of common stock for each of the last fifteen years is shown in the chart below. The per share amounts for all years are on the basis of the new common stock after the ten for one split-up in 1945.



SALES

Sales for the year were the greatest in the history of the Company. The total of $138,785,704 represented an increase of 6.5% over the preceding year. Three new stores were opened and certain units were closed during the year. Details of these changes are given later on in this report under the comments on expansion. Sales for the comparable stores in operation during both years were 4.3% greater than the year before. The sales increase was maintained fairly evenly throughout the year.

The sales for each year during the past fifteen years are shown in comparative form in the chart at the top of following page.



DIVIDENDS

The Company stepped up its dividend payments during the year. The dividends paid during the year amounted to $1.55 per share as follows:

	Date Paid 1955	Amount Per Share
Quarterly.....	March 15	$ .25
Quarterly.....	June 15	.35
Quarterly.....	September 15	.35
Quarterly.....	December 15	.35
Year-end Extra.....	December 29	.25
		$1.55

The quarterly dividend rate had been 25 cents for several years, but beginning with the dividend paid June 15, 1955, the quarterly rate was increased to 35 cents. The five dividends paid in 1955 amounted to $2,248,742 which was $438,743 more than the $1,809,999 dividends paid during the preceding year.

The year just closed is the sixteenth year during which dividends have been paid on the common stock without interruption. During that sixteen year period the rate of dividends has been gradually but steadily rising as shown in the summary below of dividends paid for the past sixteen years:

$ .20	for the first two years
.25	for the next four years
1.00	for the next six years
1.25	for the next three years
1.55	for the latest year

There were 3,554 stockholders in our Company at the end of the year.

INVENTORY

Merchandise inventories at the end of the year amounted to $24,115,864 which was $2,773,107 greater than a year ago. Part of this increase was in new stores opened in 1955, and some merchandise had been bought in preparation for stores which are opening in the Spring of 1956. Excluding these factors, the inventory was larger than a year ago by about 10%.

EXPANSION

The principal expansion of the Company during recent years has been of two types — (1) the acquiring of major stores which have been well established for years and are generally recognized as having top acceptance by the public in the community, and (2) the opening of junior department stores in suburban areas of the cities where we already have long established downtown department stores.

In the first named type of expansion, we buy only what in our opinion are first class department stores and the price must be what we believe to be right. We have acquired three such stores in recent years in Duluth, Minnesota, in Mobile, Alabama, and in Fargo, North Dakota. The first two named have already proved to be very profitable. The Fargo store was just acquired in 1955.

The second type of expansion (opening suburban stores in the cities where we have well established downtown stores) is going forward steadily. Many of these stores recently opened and in process of opening, are in what has become commonly known as shopping centers.

During the year under review, three stores were added to the Company, consisting of a major downtown store in Fargo, North Dakota, and two subur-

ban junior department stores. These three stores should add between four and five million dollars to the annual volume of the Company.

The store in Fargo is the deLendrecie Store which has been operating in Fargo for something like seventy-five years. We acquired it in July, 1955. It has built up a real acceptance in its community over the years and we believe will prove to be a fine addition to our group of stores.

Regarding the two new suburban stores opened during the year, one is in Nashville, Tennessee, and the other near Tacoma, Washington.

The Nashville store opened for business in August, 1955. This store is operated under the name of Castner's and is identified with our downtown Castner Store which has been established for many years. The new store occupies a fine new building in the Green Hills section of Nashville in a shopping center which we occupy under a lease. The store is off to a good start.

The other suburban store was opened in May, 1955 in a new building near Tacoma, Washington. It operates under the Peoples Store name, and is identified with our Peoples Store in downtown Tacoma, which has operated there for many years. We occupy the new store under a lease. The operation of the new store for the part of the year during which it has been open, is meeting our expectations.

We closed one downtown department store and one very small branch appliance store during the year.

For many years we had been operating two major department stores in downtown Cincinnati. These two stores were included in the group of stores which our Company took over in 1919 when the Company was formed. In November, 1955 we closed one of these two stores. The annual volume of the store we closed was in the four to five million bracket, but its profit performance has not been satisfactory. It has turned in a small profit for the past few years, but the lease under which we occupied the principal building expired in December, 1955 and the management decided not to renew the lease. We are continuing the operation of one downtown Cincinnati store (McAlpin's) and are expanding our business in suburban Cincinnati. We opened a suburban

store in the Western Hills section of Cincinnati in November, 1954 and its sales have exceeded what we expected the store to do. A second suburban Cincinnati store will be opened in 1956. The volume of our remaining downtown store in Cincinnati has increased substantially since the closing of the other downtown store in November, 1955.

One very small branch appliance store was closed during the year. Its annual volume was about $40,000. The eight remaining branch appliance stores represent a very minor part of the total Company business. The annual volume of the eight stores combined amounts to about $900,000.

In 1956, the Company is scheduled to open five new suburban stores. We estimate these new stores will add about $9,500,000 to the annual volume of the Company. Of course, only part of this added volume will be realized in 1956, as the stores will be operating for only part of the year. One of the stores is scheduled for opening in the Spring, and four in the Fall. (One of the new stores is the relocation of an existing small junior store to a new shopping center, which will be over three times the size of the former store.) Four of the five new stores opening in 1956 will be in shopping centers.

At the time this report is written, the Company plans to open four more suburban stores in 1957, which we estimate will add about $7,700,000 to the annual volume of the Company.

At January 31, 1956, your Company was operating 19 large department stores, 36 junior department stores and 8 smaller stores selling household appliances.

The expansion of the Company during the past seven years has been financed out of earnings retained in the business, as there has been no increase in long-term debt during those seven years, and there has been no issue of capital stock. Seven years ago the long-term debt amounted to $5,675,000 and on January 31, 1956, the long-term debt amounted to $5,562,865. During 1956, the Company expects to about double the amount it will invest in expansion, compared to recent years, and our plans call for some increase in long-term debt during the coming year.

ADDITIONS AND IMPROVEMENTS TO PHYSICAL PROPERTIES

The Company invested a total of $4,723,342 during the year for additions and improvements to our stores as follows:

For expansion	$1,571,720
Jones Store in Kansas City, Missouri	1,919,276
Improvements to existing properties	1,232,346
	$4,723,342

As to the money invested for expansion, more than half of the total was for new junior stores with the balance going to enlarging junior stores recently opened, and for the new major unit in Fargo.

The Jones Store in Kansas City, Missouri, is our largest store. The buildings were very old and without air-conditioning. The Company is part way through a program of completely modernizing the store, including the erecting of new buildings on part of the property. A badly needed new warehouse has also been built.

The money invested to improve existing properties includes air-conditioning installations in two major stores and other improvements to buildings and fixtures. The amount of $1,232,346 invested in existing properties is well under the depreciation of $1,747,867 charged against operations for the year.

In addition to the above capital expenditures, the Company also spent $445,537 for repairs and maintenance which was charged against operations for the year.

PROFIT SHARING PLAN AND PENSION PLAN

The management firmly believes the loyalty and enthusiasm of the people in a company are of great importance in the building of a successful company. The Savings and Profit Sharing Plan of the Company has been enthusiastically received by our people.

The Plan has now been in operation two years. On February 1, 1956 there were 2,514 people in the Plan. A year ago the number was 2,283. Between eighty and ninety percent of the people eligible to join, have joined.

Summarized briefly, the Plan is one under which our people contribute up to 6% of their salary, and the Company makes a contribution into the Plan, geared to profits.

During the year, our people contributed a total of $485,880 of their own money into the Plan. A year ago the comparable figure was $411,058. The Company contribution for the year amounted to $201,932, compared with $145,819 a year ago. Each participant's account was credited this year with approximately forty-one cents from the Company for every dollar contributed by the individual. (A year ago the comparable figure was thirty-five cents.)

The contributions from our people are invested by an independent Trustee in conservative investments, and the Company contributions are invested by the Trustee in Mercantile Stores Stock, purchased in the open market. At January 31, 1956, the market value of the funds held by the Trustee were as follows (part of the contributions for the year did not reach the Trustee until after January 31, 1956):

From contributions by our people	$ 898,559
From Company contributions—	
(9,256 shares of Mercantile Stores stock and cash of $1,666)	245,793
Total	$1,144,352

The Pension Plan of the Company was continued without change. It has now been in operation for eleven years. There were 1,044 of our people covered by this Plan at January 31, 1956.

STOCK OPTIONS

In May, 1953, the stockholders ratified the granting of stock options to thirty-eight officers and key people, under which those individuals have the right to purchase a total of 27,500 shares of capital stock of the Company. These options expire December 16, 1957. The purchase price under the options is $20.41 per share, which is the price the Company paid for this stock when it

purchased the 27,500 shares in the open market. The option price of $20.41 was 97.48% of the market value of the stock on the day the options were granted, December 16, 1952.

During the year under review, a total of 4,575 shares were purchased by those individuals through the exercise of their options, leaving a total of 22,925 shares remaining in the Company's treasury set aside for these options.

BORROWINGS

The Company borrowed $800,000 from a bank during the year in connection with its seasonal cash requirements, and repaid that loan prior to January 31, 1956.

The long-term loan from the Metropolitan Life Insurance Company was reduced by $500,000 ($250,000 for the required payment, plus $250,000 of voluntary anticipation by the Company).

The mortgage on our store property in Hamilton, Ontario, Canada, was paid off during the year by the payment of the remaining balance of $455,150, which was permitted under the agreement without penalty for anticipation. This mortgage was placed in 1948 in the original amount of $600,000.

Two new mortgages were placed on two parcels of real estate during the year — a mortgage of $650,000 on the downtown store property in Denver, Colorado, which was purchased by the Company from the former landlords, and a mortgage of $825,000 on the new warehouse property in Kansas City, Missouri.

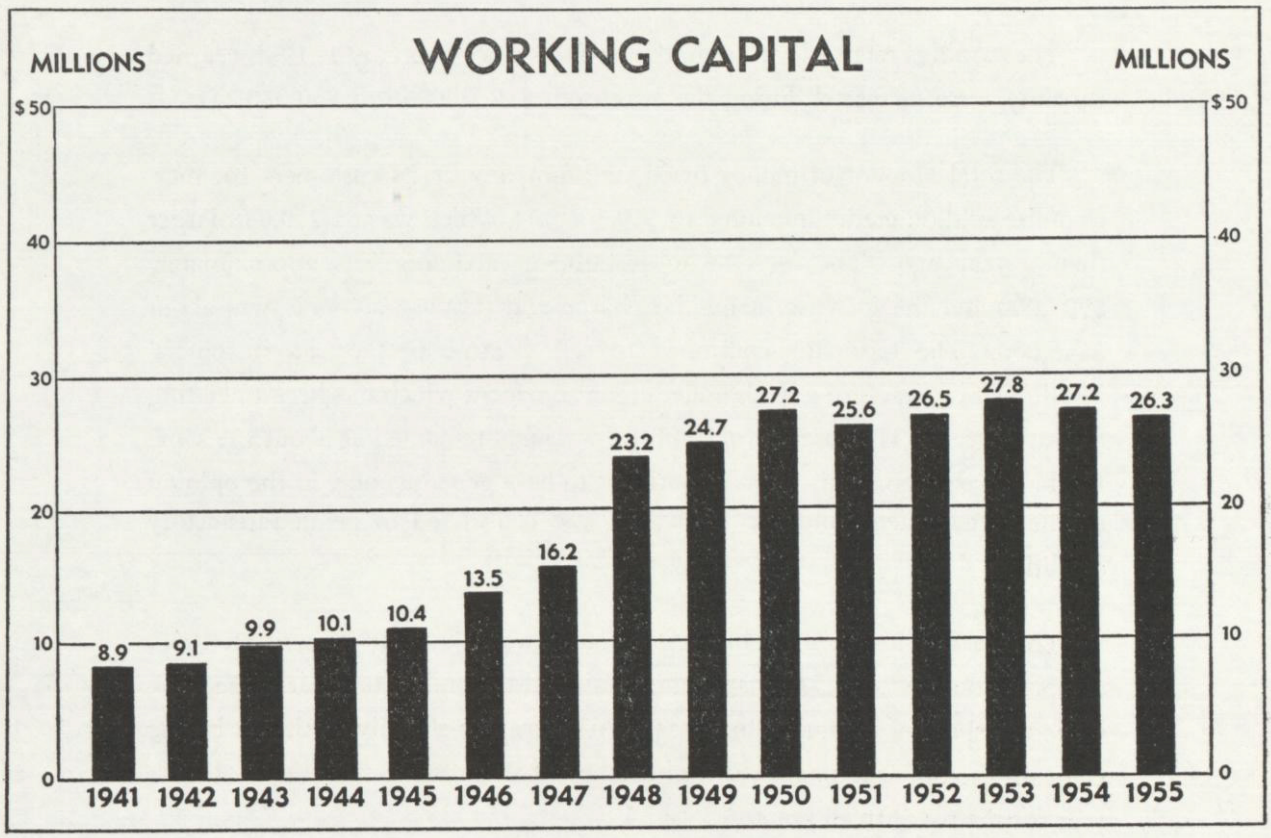
At January 31, 1956, there were seven mortgages outstanding on seven parcels of real estate. The annual payments on these mortgages were, of course, paid during the year, and the net result of the transactions outlined above was that the long-term debt amounted to $5,562,865 at January 31, 1956, an increase during the year of $569,508.

CURRENT SALES

This report is being written near the end of March. Sales for the two months, February and March of 1956, are about 10% ahead of last year. This year Easter is nine days earlier than it was last year. This will probably have an adverse effect on the sales of April, 1956, since April this year will have no pre-Easter selling.

WORKING CAPITAL

The working capital at the end of the year amounted to $26,313,978, which represented a decrease of $901,756 from a year ago. However, the Company's cash at January 31, 1956 totaled $7,129,398 and the working capital was adequate to run the business during the year. The chart below shows the amount of working capital for each of the past fifteen years.



CAPITAL STRUCTURE

The common stockholders are the only stockholders in our Company, the total assets of which are over $64,000,000. The common stockholders' investment amounted to $42,643,611 at the end of the year. The total capital structure (common stockholders' investment plus long-term debt) amounted to $48,206,476 at the end of the year, and over 88% of this total was in the common stockholders' investment. This relationship of relatively low long-term debt represents a strong capital base for the Company.

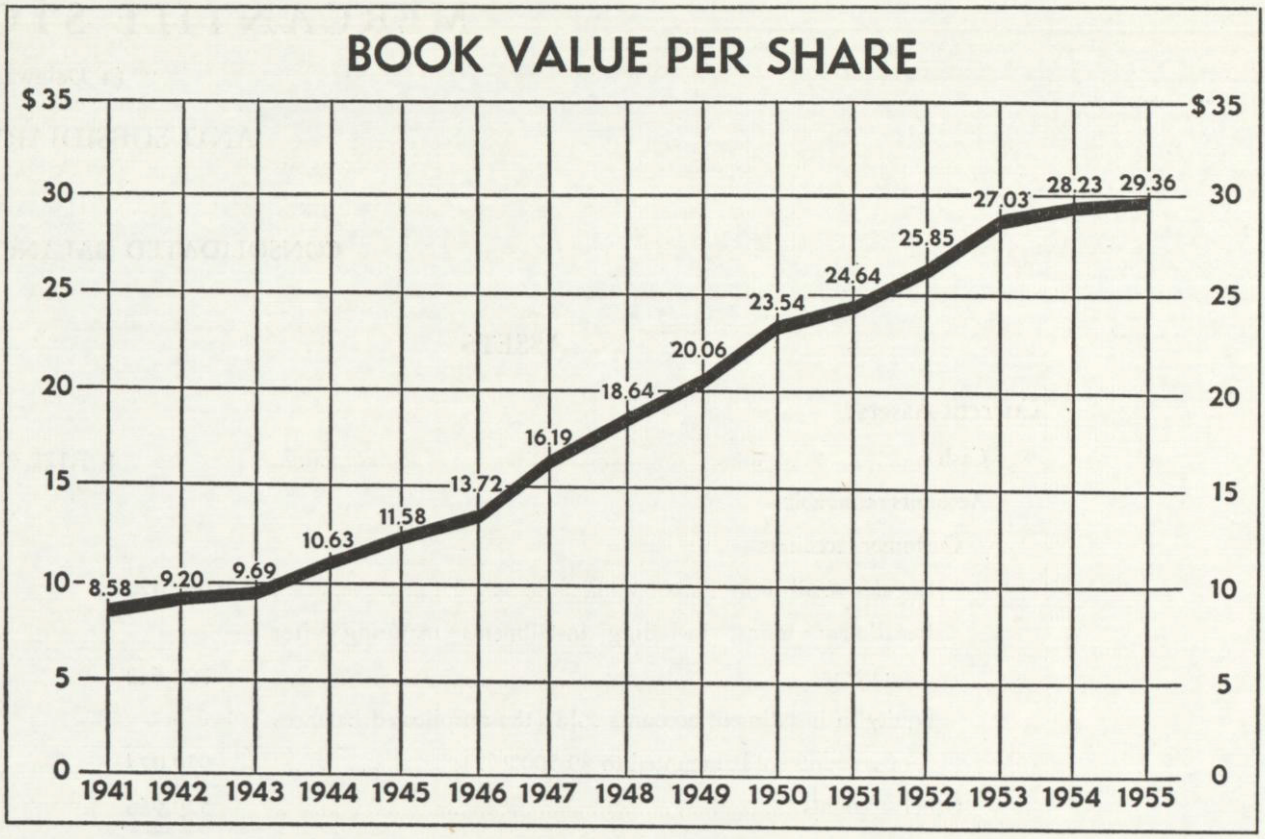
VARIOUS

The Company employs in the neighborhood of 6,500 people. This varies during the peak seasons of the year, but the figure given will approximate the normal number of people in our Company.

The earnings retained for use in the business since February 1, 1935 (earned surplus) were increased during the year from $28,362,266 to $30,030,241.

The total amount of money owed the Company by its customers for merchandise sold on credit amounted to $19,306,304, which was $1,240,048 larger than a year ago. The increase in installment accounts was approximately $794,000 and the increase in regular charge and layaway accounts was about $446,000. The Company continued to sell a large part of its customers' installment contracts to a bank under an arrangement which has been operating for many years. The reserve for doubtful accounts remained at about the same level as a year ago. This reserve continues to be a generous one, in the opinion of the management, and the receivables are considered to be in satisfactory condition.

The book value per share of common stock was $29.36 at January 31, 1956, computed on the 1,452,574 shares outstanding at the end of the year. The book value per share of common stock has been increasing steadily as shown by the chart on the opposite page which gives the per-share value at the end of each year for the past fifteen years.



The financial statements and the report of our independent auditors are given on the succeeding pages. Following that is a summary of the highlights of our operations for the past eighteen years together with a ten year comparison of balance sheets.

The management extends its sincere thanks to our people for their loyal cooperation. We value highly our good relationships with the thousands of manufacturers and other vendors who supply us with good merchandise, and we want to extend our appreciation to them.

Respectfully submitted,

F. G. KINGSLEY,
Chairman of the Board

HAROLD W. JOCKERS,
President

MERCANTILE STO

(a Delaware

AND SUBSIDIARY

CONSOLIDATED BALANCE

ASSETS

Current Assets:			
Cash			$ 7,129,398
Accounts receivable—			
Customers accounts—			
Regular retail terms		$ 9,007,420	
Installment terms, including installments maturing after one year		798,642	
Equity in installment accounts sold (the uncollected balances of accounts sold amounted to $9,500,242)		950,024	
Other accounts		529,966	
		$11,286,052	
Less—Reserve for doubtful accounts		1,265,999	10,020,053
Merchandise inventories, priced at the lower of cost or market			24,115,864
Unexpired insurance, prepaid rent, etc			886,610
TOTAL CURRENT ASSETS			$42,151,925
Fixed Assets:			
Land, at cost		$ 4,396,528	
Buildings owned, buildings on leased ground and leaseholds, and building improvements, at cost	$18,554,923		
Less—Reserve for depreciation	6,037,290	12,517,633	
Store fixtures, etc., at cost	$ 9,216,110		
Less—Reserve for depreciation	4,237,773	4,978,337	21,892,498
			$64,044,423

RES COMPANY, INC.

corporation)

COMPANIES

SHEET – JANUARY 31, 1956

LIABILITIES

Current Liabilities:

Accounts payable		$ 7,376,843
Accrued taxes (other than Federal income), compensation, rent, etc.		4,331,652
Reserve for Federal income taxes		3,722,235
Current maturities of long-term debt		407,217
TOTAL CURRENT LIABILITIES		$15,837,947

Long-Term Debt:

Notes payable, 3⅜%, due $250,000 annually	$ 2,750,000	
Mortgage notes payable	2,812,865	5,562,865

Capital Stock and Surplus:

Common stock, par value $3.66⅔ per share—		
Authorized and issued, 1,475,499 shares	$ 5,410,163	
Less—22,925 shares held in treasury against options granted at $20.41 per share	84,058	
Outstanding 1,452,574 shares	$ 5,326,105	
Surplus prior to February 1, 1935	5,787,265	
Surplus reserve for inventories and contingencies	1,500,000	
Earnings retained for use in the business since February 1, 1935 (earned surplus), of which $7,732,795 is free of the dividend restrictions imposed by a loan agreement	30,030,241	42,643,611
		$64,044,423

MERCANTILE STORES COMPANY, INC.
AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED PROFIT AND LOSS AND SURPLUS

For the Year Ended January 31, 1956

PROFIT AND LOSS

Net sales, including sales of leased departments		$138,785,704
Cost of goods sold, selling, operating and administrative expenses, including depreciation of $1,747,867		131,199,591
Operating profit		$ 7,586,113
Other income (net):		
Carrying charges on installment accounts, and miscellaneous net income	$ 924,473	
Less—Interest expense	473,869	450,604
Profit before provision for income taxes		$ 8,036,717
Provision for income taxes:		
Federal taxes	$3,845,000	
State and Canadian taxes	275,000	4,120,000
Net profit for the year		$ 3,916,717

SURPLUS PRIOR TO FEBRUARY 1, 1935

Balance, January 31, 1955	$ 5,710,858
Excess of proceeds over par value of 4,575 shares of common stock sold during the year under options granted in 1952 at $20.41 per share	76,407
Balance, January 31, 1956	$ 5,787,265

EARNINGS RETAINED FOR USE IN THE BUSINESS SINCE FEBRUARY 1, 1935 (EARNED SURPLUS)

Balance, January 31, 1955	$ 28,362,266
Net profit for the year	3,916,717
	$ 32,278,983
Dividends declared on common stock—$1.55 per share	2,248,742
Balance, January 31, 1956	$ 30,030,241

AUDITORS' REPORT

To the Board of Directors and Stockholders,
Mercantile Stores Company, Inc.:

We have examined the consolidated balance sheet of Mercantile Stores Company, Inc. (a Delaware corporation) and subsidiary companies as of January 31, 1956, and the related statements of consolidated profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and surplus present fairly the financial position of Mercantile Stores Company, Inc. and subsidiary companies as of January 31, 1956, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

New York, N. Y.,
March 30, 1956.

MERCANTILE STO

AND SUBSIDIARY

EIGHTEEN YEAR COMPARISON OF SALES,

Fiscal Year Ended January 31	Net Sales	Profit Before Income Taxes	Income Taxes	Net Profit	Net Profit Per Common Share (After 10 for 1 Splitup in 1945)
1956	$138,785,704	$ 8,036,717	$4,120,000	$3,916,717	$2.70
1955	130,366,021	6,970,553	3,420,000	3,550,553	2.45
1954	130,882,985	6,933,491	3,410,000	3,523,491	2.43
1953	128,603,624	7,080,850	3,620,000	3,460,850	2.39
1952	124,699,947	6,442,260	3,322,000	3,120,260	2.10
1951	125,427,006	9,397,003	4,290,000	5,107,003	3.45
1950	112,607,776	5,932,129	2,325,000	3,607,129	2.42
1949	119,091,512	8,369,725	3,243,000	5,126,725	3.44
1948	113,012,702	8,444,538	3,286,000	5,158,538	3.47
1947	103,007,184	10,800,760	4,618,000	4,682,760**	3.14
1946	74,407,149	5,894,901	4,084,000	1,810,901	1.21
1945	59,668,304	6,633,941	4,854,000	1,779,941	1.18
1944	50,277,807	4,700,875	3,276,760	1,424,115	.94
1943	41,173,113	3,340,264	2,118,645	1,221,619	.82
1942	34,867,853	1,912,941	812,165	1,100,776	.73
1941	29,509,394	939,991	278,548	661,443	.43
1940	27,619,565	274,646	72,059	202,587	.11
1939	25,467,539	*486,264**	3,850	*490,114**	*.36**

* Italics indicate loss or deficit.

** After deducting special provision of $1,500,000 for possible future decline in market

RES COMPANY, INC.

COMPANIES

EARNINGS AND RETAINED EARNINGS

DIVIDENDS PAID					
Common					
Per Share	Amount	Preferred Amount	Retained Earnings (Earned Surplus)	Book Value Per Common Share (After 10 for 1 Splitup in 1945)	Value Per Share of Common Stock of Net Current Assets Less Long-Term Debt
$1.55	$2,248,742	$ ——	$30,030,241	$29.36	$14.29
1.25	1,809,999	——	28,362,266	28.23	15.35
1.25	1,809,999	——	26,621,712	27.03	15.35
1.25	1,836,849	4,375	24,908,220	25.85	14.44
1.00	1,470,404	17,500	22,915,344	24.64	13.61
1.00	1,471,295	19,240	21,651,863	23.54	14.70
1.00	1,481,220	22,040	18,035,395	20.06	13.05
1.00	1,481,220	24,701	15,931,526	18.64	11.82
1.00	1,481,220	25,676	12,310,722	16.19	10.90
1.00	1,481,220	25,676	8,659,080	13.72	9.03
.25	370,305	25,676	5,483,216	11.58	6.94
.25	370,305	28,451	4,068,296	10.63	6.73
.25	368,930	36,176	2,687,111	9.69	6.17
.25	361,255	37,133	1,668,102	9.20	5.50
.20	290,444	40,187	844,871	8.58	5.03
.20	289,612	41,732	74,726	8.07	4.49
—	—	42,504	*255,373**	7.85	4.34
—	—	46,907	*415,456**	7.59	4.17

value of inventories and other contingencies.

MERCANTILE STO

AND SUBSIDIARY

TEN YEAR COMPARISON OF

ASSETS	January 31, 1956	1955	1954	1953
Cash and Marketable Securities..	$ 7,129,398	$ 8,928,401	$ 6,875,318	$ 5,795,896
Receivables, less Reserve.....	10,020,053	11,519,124	10,913,772	11,040,474
Merchandise Inventories	24,115,864	21,342,757	23,015,160	23,574,168
Prepaid Expenses	886,610	1,213,341	1,086,628	1,184,306
TOTAL CURRENT ASSETS....	$42,151,925	$43,003,623	$41,890,878	$41,594,844
Fixed Assets (Net).....	21,892,498	18,996,955	17,353,654	17,070,625
	$64,044,423	$62,000,578	$59,244,532	$58,665,469
LIABILITIES				
Current Liabilities	$15,837,947	$15,787,889	$14,051,103	$15,046,652
Long-Term Debt	5,562,865	4,993,357	5,611,194	5,638,334
Deferred Income	—	336,878	440,335	552,075
Capital Stock	5,326,105	5,309,330	5,309,330	5,309,330
Surplus Reserve	1,500,000	1,500,000	1,500,000	1,500,000
Surplus	35,817,506	34,073,124	32,332,570	30,619,078
	$64,044,423	$62,000,578	$59,244,532	$58,665,469
Net Working Capital.....	$26,313,978	$27,215,734	$27,839,775	$26,548,192

RES COMPANY, INC.

COMPANIES

CONDENSED BALANCE SHEETS

January 31,					
1952	*1951*	*1950*	*1949*	*1948*	*1947*
$ 6,200,137	$ 4,787,324	$ 4,739,075	$ 6,434,661	$ 3,349,732	$ 2,668,226
9,549,452	10,087,958	8,997,615	8,534,538	6,264,915	4,629,841
22,796,904	28,500,036	19,284,683	18,028,742	18,617,899	18,632,200
1,329,766	1,362,356	1,312,669	1,233,039	798,447	948,246
$39,876,259	$44,737,674	$34,314,042	$34,230,980	$29,030,993	$26,878,513
16,610,429	13,880,381	12,685,167	12,345,179	9,948,169	8,944,064
$56,486,688	$58,618,055	$46,999,209	$46,576,159	$38,979,162	$35,822,577
$14,261,602	$17,516,920	$ 9,625,259	$11,054,879	$12,790,334	$13,404,957
5,526,516	5,530,000	5,355,000	5,675,000	95,000	105,000
440,566	576,612	504,781	395,980	227,532	97,966
5,660,163	5,660,163	5,721,140	5,761,140	5,797,940	5,797,940
1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
29,097,841	27,834,360	24,293,029	22,189,160	18,568,356	14,916,714
$56,486,688	$58,618,055	$46,999,209	$46,576,159	$38,979,162	$35,822,577
$25,614,657	$27,220,754	$24,688,783	$23,176,101	$16,240,659	$13,473,556